

106TH CONGRESS
2D SESSION

H. R. 3612

To amend the Internal Revenue Code of 1986 to repeal the adjusted gross income limitations on itemized deductions, the personal exemption deduction, and the child tax credit and to repeal the alternative minimum tax on individuals.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2000

Mr. SAM JOHNSON of Texas (for himself, Mr. RAMSTAD, Mr. TRAFICANT, Mr. SENSENBRENNER, Mr. HOSTETTLER, Mr. ISTOOK, Mr. GOSS, Mr. FOLEY, and Mr. GEKAS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal the adjusted gross income limitations on itemized deductions, the personal exemption deduction, and the child tax credit and to repeal the alternative minimum tax on individuals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Family Values Tax Relief Act of 2000”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-
2 wise expressly provided, whenever in this Act an amend-
3 ment or repeal is expressed in terms of an amendment
4 to, or repeal of, a section or other provision, the reference
5 shall be considered to be made to a section or other provi-
6 sion of the Internal Revenue Code of 1986.

7 **SEC. 2. REPEAL OF OVERALL LIMITATION ON ITEMIZED DE-**
8 **DUCTIONS.**

9 (a) IN GENERAL.—Section 68 (relating to overall
10 limitation on itemized deductions) is hereby repealed.

11 (b) TECHNICAL AMENDMENTS.—

12 (1) Subparagraph (A) of section 1(f)(6) is
13 amended by striking “section 68(b)(2)”.

14 (2) Paragraph (1) of section 56(b) is amended
15 by striking subparagraph (F).

16 (3) Subparagraph (B) of section 773(a)(3) is
17 amended by striking clause (i) and by redesignating
18 clauses (ii), (iii), and (iv) as clauses (i), (ii), and
19 (iii), respectively.

20 (4) The table of sections for part I of sub-
21 chapter B of chapter 1 is amended by striking the
22 item relating to section 68.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2000.

1 **SEC. 3. REPEAL OF PHASEOUT OF PERSONAL EXEMPTIONS.**

2 (a) IN GENERAL.—Subsection (d) of section 151 (re-
3 lating to exemption amount) is amended by striking para-
4 graph (3).

5 (b) TECHNICAL AMENDMENTS.—

6 (1) Paragraph (6) of section 1(f) is amended—

7 (A) by striking “section 151(d)(4)” in sub-
8 paragraph (A) and inserting “section
9 151(d)(3)”, and

10 (B) by striking “section 151(d)(4)(A)” in
11 subparagraph (B) and inserting “section
12 151(d)(3)”.

13 (2) Paragraph (4) of section 151(d) is amended
14 to read as follows:

15 “(3) INFLATION ADJUSTMENT.—In the case of
16 any taxable year beginning in a calendar year after
17 1989, the dollar amount contained in paragraph (1)
18 shall be increased by an amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) the cost-of-living adjustment deter-
21 mined under section 1(f)(3) for the calendar
22 year in which the taxable year begins, by sub-
23 stituting ‘calendar year 1988’ for ‘calendar year
24 1992’ in subparagraph (B) thereof.”

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2000.

4 **SEC. 4. REPEAL OF ADJUSTED GROSS INCOME LIMITATION**
 5 **IN CHILD TAX CREDIT.**

6 (a) IN GENERAL.—Section 24 (relating to child tax
 7 credit) is amended by striking subsection (b) and by redesh-
 8 ignating subsections (c) through (f) as subsections (b)
 9 through (e), respectively.

10 (b) CONFORMING AMENDMENT.—Clause (ii) of sec-
 11 tion 32(n)(1)(B) is amended by striking “section 24(d)”
 12 and inserting “section 24(c)”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to taxable years beginning after
 15 December 31, 2000.

16 **SEC. 5. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.**
 17 **INDIVIDUALS.**

18 (a) IN GENERAL.—Subsection (a) of section 55 (re-
 19 lating to alternative minimum tax imposed) is amended
 20 by adding at the end the following new flush sentence:
 21 “Except in the case of a corporation, no tax shall be im-
 22 posed by this section for any taxable year beginning after
 23 December 31, 2000, and the tentative minimum tax of any
 24 taxpayer other than a corporation shall be zero for pur-
 25 poses of this title.”

1 (b) CONFORMING AMENDMENTS.—

2 (1) Subparagraph (B) of section 1(g)(7) is
3 amended by adding “and” at the end of clause (i),
4 by striking “, and” at the end of clause (ii) and in-
5 serting a period, and by striking clause (iii).

6 (2) Section 2(d) is amended by striking “sec-
7 tions 1 and 55” and inserting “section 1”

8 (3) Section 5(a) is amended by striking para-
9 graph (4).

10 (4) Subsection (c) of section 24, as redesign-
11 nated by section 4, is amended by striking para-
12 graph (2) and by redesignating paragraph (3) as
13 paragraph (2).

14 (5)(A) Subsection (a) of section 26 is amended
15 to read as follows:

16 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
17 aggregate amount of credits allowed by this subpart for
18 the taxable year shall not exceed the taxpayer’s regular
19 tax liability for the taxable year.”

20 (B) Subsection (c) of section 26 is amended by
21 inserting before the period “; except that such
22 amount shall be treated as being zero in the case of
23 a taxpayer other than a corporation.”

24 (6) Paragraph (6) of section 29(b) is amended
25 to read as follows:

1 “(6) APPLICATION WITH OTHER CREDITS.—

2 The credit allowed by subsection (a) for any taxable
3 year shall not exceed the regular tax for the taxable
4 year reduced by the sum of the credits allowable
5 under subpart A and section 27. In the case of a
6 corporation, the limitation under the preceding sen-
7 tence shall be reduced (but not below zero) by the
8 tentative minimum tax for the taxable year.”.

9 (7) Paragraph (3) of section 30(b) is amended
10 to read as follows:

11 “(3) APPLICATION WITH OTHER CREDITS.—

12 The credit allowed by subsection (a) for any taxable
13 year shall not exceed the regular tax for the taxable
14 year reduced by the sum of the credits allowable
15 under subpart A and sections 27 and 29. In the case
16 of a corporation, the limitation under the preceding
17 sentence shall be reduced (but not below zero) by the
18 tentative minimum tax for the taxable year.”.

19 (8) Section 32 is amended by striking sub-
20 section (h).

21 (9) Subsection (d) of section 53(d) is amended
22 to read as follows:

23 “(d) DEFINITIONS.—For purposes of this section—

24 “(1) NET MINIMUM TAX.—The term ‘net min-
25 imum tax’ means the tax imposed by section 55 in-

1 creased by the amount of the credit not allowed
 2 under section 29 (relating to credit for producing
 3 fuel from a nonconventional source) solely by reason
 4 of the application of the last sentence of section
 5 29(b)(6), or not allowed under section 30 solely by
 6 reason of the application of the last sentence of sec-
 7 tion 30(b)(3).

8 “(2) TENTATIVE MINIMUM TAX.—The term
 9 ‘tentative minimum tax’ has the meaning given to
 10 such term by section 55(b); except that such tax
 11 shall be treated as being zero in the case of a tax-
 12 payer other than a corporation.”.

13 (10)(A) Subsection (b) of section 55 (relating
 14 to alternative minimum tax imposed) is amended to
 15 read as follows:

16 “(b) TENTATIVE MINIMUM TAX.—For purposes of
 17 this part—

18 “(1) AMOUNT OF TENTATIVE TAX.—The ten-
 19 tative minimum tax for the taxable year is—

20 “(A) 20 percent of so much of the alter-
 21 native minimum taxable income for the taxable
 22 year as exceeds the exemption amount, reduced
 23 by

24 “(B) the alternative minimum tax foreign
 25 tax credit for the taxable year.

1 “(2) ALTERNATIVE MINIMUM TAXABLE IN-
 2 COME.—The term ‘alternative minimum taxable in-
 3 come’ means the taxable income of the taxpayer for
 4 the taxable year—

5 “(A) determined with the adjustments pro-
 6 vided in section 56, and

7 “(B) increased by the amount of the items
 8 of tax preference described in section 57.

9 If a taxpayer is subject to the regular tax, such tax-
 10 payer shall be subject to the tax imposed by this sec-
 11 tion (and, if the regular tax is determined by ref-
 12 erence to an amount other than taxable income, such
 13 amount shall be treated as the taxable income of
 14 such taxpayer for purposes of the preceding sen-
 15 tence).”.

16 (B) Subsection (d) of section 55 is amended to
 17 read as follows:

18 “(d) EXEMPTION AMOUNT.—For purposes of this
 19 section—

20 “(1) IN GENERAL.—The term ‘exemption
 21 amount’ means \$40,000.

22 “(2) PHASE-OUT OF EXEMPTION AMOUNT.—
 23 The exemption amount of any taxpayer shall be re-
 24 duced (but not below zero) by an amount equal to
 25 25 percent of the amount by which the alternative

1 minimum taxable income of the taxpayer exceeds
2 \$150,000.”.

3 (11)(A) Paragraph (6) of section 56(a) is
4 amended to read as follows:

5 “(6) ADJUSTED BASIS.—The adjusted basis of
6 any property to which paragraph (1) or (5) applies
7 (or with respect to which there are any expenditures
8 to which paragraph (2) applies) shall be determined
9 on the basis of the treatment prescribed in para-
10 graph (1), (2), or (5), whichever applies.”.

11 (B) Section 56 is amended by striking sub-
12 section (b).

13 (C) Subsection (c) of section 56 is amended by
14 striking so much of the subsection as precedes para-
15 graph (1), by redesignating paragraphs (1), (2), and
16 (3) as paragraphs (8), (9), and (10), respectively,
17 and moving them to the end of subsection (a).

18 (D) Paragraph (8) of section 56(a), as redesign-
19 nated by subparagraph (C), is amended by striking
20 “subsection (g)” and inserting “subsection (c)”.

21 (E) Section 56 is amended by striking sub-
22 section (e) and by redesignating subsections (d) and
23 (g) as subsections (b) and (c), respectively.

24 (12)(A) Section 58 is hereby repealed.

1 (B) Clause (i) of section 56(b)(2)(A) (as reded-
2 igned by paragraph (11)(E)), is amended by in-
3 serting “, in the case of taxable years beginning be-
4 fore January 1, 2001,” before “section 58”.

5 (C) Subsection (h) of section 59 is amended—

6 (i) by striking “, 465, and 1366(d)” and
7 inserting “and 465”, and

8 (ii) by striking “56, 57, and 58” and in-
9 serting “56 and 57”.

10 (13)(A) Subparagraph (C) of section 59(a)(1)
11 is amended by striking “subparagraph (A)(i) or
12 (B)(i) of section 55(b)(1) (whichever applies)” and
13 inserting “section 55(b)(1)(A)”.

14 (B) Paragraph (3) of section 59(a) is amended
15 to read as follows:

16 “(3) PRE-CREDIT TENTATIVE MINIMUM TAX.—
17 For purposes of this subsection, the term ‘pre-credit
18 tentative minimum tax’ means the amount deter-
19 mined under section 55(b)(1)(A).”.

20 (C) Section 59 is amended by striking sub-
21 section (c).

22 (D) Section 59 is amended by striking sub-
23 section (j).

1 (14) Paragraph (7) of section 382(l) is amend-
2 ed by striking “section 56(d)” and inserting “section
3 56(b)”.

4 (15) Paragraph (2) of section 641(c) is amend-
5 ed by striking subparagraph (B) and by redesign-
6 nating subparagraphs (C) and (D) as subparagraphs
7 (B) and (C), respectively.

8 (16) Subsections (b) and (c) of section 666 are
9 each amended by striking “(other than the tax im-
10 posed by section 55)”.

11 (17) Subsections (c)(5) and (d)(3)(B) of section
12 772 are each amended by striking “56, 57, and 58”
13 and inserting “56 and 57”.

14 (18) Sections 847 and 848(i) are each amended
15 by striking “section 56(g)” and inserting “section
16 56(c)”.

17 (19) Sections 871(b)(1) and 877(b) are each
18 amended by striking “or 55”.

19 (20) Subsection (a) of section 897 is amended
20 to read as follows:

21 “(a) GENERAL RULE.—For purposes of this title,
22 gain or loss of a nonresident alien individual or a foreign
23 corporation from the disposition of a United States real
24 property interest shall be taken into account—

1 “(1) in the case of a nonresident alien indi-
2 vidual, under section 871(b)(1), or

3 “(2) in the case of a foreign corporation, under
4 section 882(a)(1),

5 as if the taxpayer were engaged in a trade or business
6 within the United States during the taxable year and as
7 if such gain or loss were effectively connected with such
8 trade or business.”.

9 (21) Paragraph (1) of section 962(a) is amend-
10 ed by striking “sections 1 and 55” and inserting
11 “section 1”.

12 (22) Paragraph (1) of section 1397E(c) is
13 amended to read as follows:

14 “(1) the regular tax liability (as defined in sec-
15 tion 26(b), over”

16 (23) The last sentence of section 1563(a) is
17 amended by striking “section 55(d)(3)” and insert-
18 ing “section 55(d)(2)”.

19 (24) Subparagraph (B) of section 6015(d)(2) is
20 amended by striking “or 55”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2000.

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